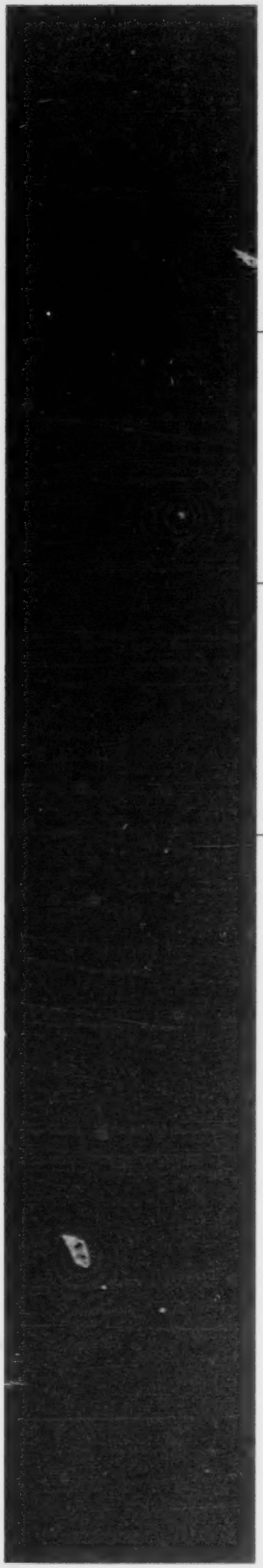

Government of
Saskatchewan

2006-2007
Annual Report

Saskatchewan
Watershed
Authority

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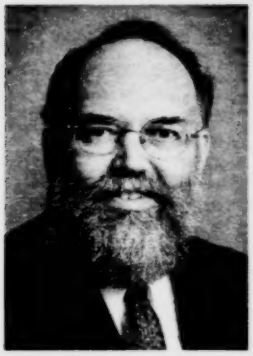


July 29, 2007

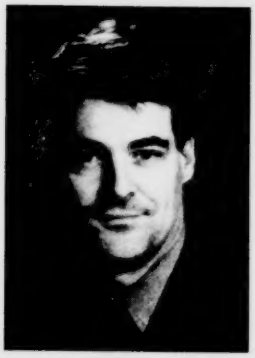
To His Honour
Dr. Gordon L. Barnhart
Lieutenant-Governor of Saskatchewan
Province of Saskatchewan

Your Honour:

I have the honour to submit herewith the Annual Report of the Saskatchewan Watershed Authority for the period ending March 31, 2007, including financial statements for the year audited by the Authority's auditor in a form approved by Treasury Board, all in accordance with The Saskatchewan Watershed Authority Act.

John T. Nilson, Q.C.
Minister Responsible
Saskatchewan Watershed Authority

Chair's Message



July 29, 2007

The Honourable John T. Nilson, Q.C.
Minister Responsible
Saskatchewan Watershed Authority

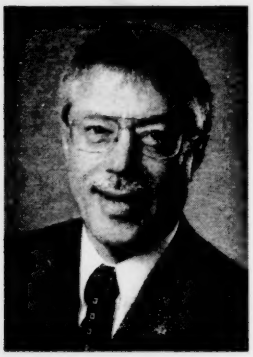
Sir:

I am pleased to submit the Annual Report of the Saskatchewan Watershed Authority for the fiscal year ending March 31, 2007.

Sincerely,

Alan Parkinson
Chair of the Board
Saskatchewan Watershed Authority

President's Message



July 29, 2007

Alan Parkinson
Chair of the Board
Saskatchewan Watershed Authority

Sir:

I have the honour to provide this report on the accomplishments and progress of the Saskatchewan Watershed Authority for the year ending March 31, 2007.

As we approach our fifth year of operation since the formation of the Saskatchewan Watershed Authority, we have made significant advances in meeting our strategic goals and objectives. Among our accomplishments in the 2006/07 fiscal year are the following:

- We advanced the watershed and aquifer protection planning process with the completion of source water protection plans for the Lower Souris River, Moose Jaw River, Assiniboine River watersheds and the Yorkton Area Aquifers. Good progress also continues to complete plans for the Upper Qu'Appelle, South Saskatchewan and North Saskatchewan River watershed planning areas.
- We released Saskatchewan's first Water Conservation Plan and have proceeded to implement and work on several planning and public education conservation initiatives.
- Along with the other daily water management activities needed to ensure sustainable supplies of water and public safety, we effectively planned for and managed flood events resulting from spring runoff and significant rainfall events.
- We participated in negotiations with the federal government and First Nations to resolve flood claims in the Qu'Appelle Valley.
- We released our first State of the Watershed report card to assess the ecological health of our watersheds and to provide a benchmark to assess watershed health in the future.
- We continued critical infrastructure rehabilitation, including work on Blackstrap North Dam and Lac La Plonge water control structures.
- We initiated the cooperative development and planning process to develop an Integrated Water Management Framework with federal and provincial departments and in consultation with stakeholders and First Nations.
- We worked with our partners to offer Environmental Farm Planning Workshops and helped producers develop Best Management Practice plans.

These accomplishments and the many other activities addressed in this report, clearly demonstrate the progress made in the delivery of the Authority's mandate -- to manage and protect water quantity, source water quality and surrounding ecosystems for Saskatchewan citizens.

Stuart Kramer

Stuart Kramer
President
Saskatchewan Watershed Authority

Introduction

This Annual Report describes actual results for the key actions and performance measures published in the 2006/07 Performance Plan, which was released with the Provincial Budget in March 2006. Reporting on actual year end financial and performance results as compared to the Performance Plan enhances public accountability and is consistent with the Government's Accountability Framework.

The Saskatchewan Watershed Authority's 2007/08 Performance Plan was released with the provincial budget on March 22, 2007. All Authority Performance Plans and Annual Reports are available on our website (www.swa.ca/AboutUs/PerformancePlans.asp).

Who We Are

In October 2002, as a result of Saskatchewan's Long-Term Safe Drinking Water Strategy, the Saskatchewan Watershed Authority was formed to manage and protect water quantity and source water quality in Saskatchewan.

Vision

Excellence in Watershed Management Promoting Safe, Sustainable Water Supplies in Healthy Ecosystems

Mandate

To manage and enhance the province's water and watershed resources for the environmental, economic and social benefit of citizens

To manage surface water supplies, the Authority owns and operates 45 dams and 130 kilometres of conveyance channels plus ancillary works. The Authority makes significant investments in rehabilitation and upgrading of this infrastructure each year. The Authority provides hydrology expertise to determine water supplies, guide allocations, and predict floods. All major water allocations, including municipal, industrial, irrigation, and intensive livestock uses, must be approved by the Authority. Employees from the Authority also represent Saskatchewan on trans-boundary water issues.

Much of Saskatchewan depends on ground water for domestic, industrial and agricultural uses. To protect this resource, the Authority licenses all but domestic users to ensure new development does not adversely impact existing users, operates the provincial ground water monitoring network, conducts regional ground water mapping and resource assessment and provides information to citizens and industry to help locate ground water supplies.

The Authority's water control program supports agriculture by helping to maintain the productivity of flood prone land and to address water erosion issues. The Authority also hears complaints about drainage causing damage and may rule and enforce remedies, such as ditch blocks.

Watershed and aquifer planning has been completed in 3 watersheds and 1 aquifer and is in progress in three additional watersheds to protect source water. The Authority's stewardship and extension programs help landowners improve watershed health through restoration of riparian areas, protection of wetlands and grasslands, and encouragement of management practices, which assist fish and wildlife and protect water sources.

Assessing the health of watersheds is an essential aspect of source water protection. On March 15, 2007, Saskatchewan released its first State of the Watershed Report providing information on the health of Saskatchewan's watersheds, and providing a benchmark for future comparisons.

Public support and participation is essential to efforts to protect source water. The Authority therefore works with partners in the Safe Drinking Water Strategy to deliver education and information programs to create awareness and understanding of water and watershed issues.

To assist the Authority in achieving its goals and objectives, an Advisory Committee (see Appendix 1) represents the diversity of provincial water activities involving First Nations, Metis, stakeholders and the public-at-large. Its mandate is to identify, evaluate and provide advice on a broad range of water issues, challenges and opportunities. The Committee's appointments ended during the fiscal year and the process of requesting nominations from designated organizations and appointing a new committee is currently underway.

Legislative Responsibilities

The Saskatchewan Watershed Authority administers and is responsible for the following legislation:

- The Saskatchewan Watershed Authority Act
- The Conservation and Development Act
- The Water Power Act
- The Watershed Association Act

Funding Resources

As a Treasury Board Crown Corporation, the Saskatchewan Watershed Authority relies on several revenue sources, including:

- Grants from the province's General Revenue Fund
- Water rental charges through *The Water Power Act*
- Industrial water use charges
- Grants from Saskatchewan Environment, Fish and Wildlife Development Fund, and
- Contracts with government and nongoverment agencies and associations and other sources.

Organization of the Authority

The Saskatchewan Watershed Authority is a Treasury Board Crown Corporation governed by a Board of Directors, with a Minister Responsible for Saskatchewan Watershed Authority. The President, Stuart Kramer, reported to a one-person Board, Lily Stonehouse, the Deputy Minister of Environment until August 15, 2006, when a new three-person Board was appointed as follows: Alan Parkinson – Chair (Deputy Minister of Saskatchewan Environment); Lily Stonehouse - Vice Chair, (Deputy Minister of Government Relations); and Harvey Brooks - Director (Deputy Minister of Saskatchewan Agriculture and Food). The Minister Responsible for Saskatchewan Watershed Authority is the Honourable John T. Nilson, Q.C.

At the end of the reporting period, the Saskatchewan Watershed Authority had 188 employees (180.03 Full Time Equivalents). The Authority's head office is located in Moose Jaw, but many services and programs are delivered through its regions and other offices located in Nipawin, North Battleford, Prince Albert, Regina, Saskatoon, Swift Current, Weyburn and Yorkton. The Authority's organizational structure is shown in Appendix 1.

The Corporate and Human Services Division also provides human resources, finance, administration, and information technology support to SaskWater on a contractual basis.

2006-2007 Results at a Glance

Summary of Performance Results

The goals and objectives in the Authority's 2006/07 Performance Plan articulate the outcomes the Authority is pursuing. The following section provides a summary of key challenges and accomplishments for the Authority in 2006/07.

GOAL 1 – Safe and Sustainable Water Supply

- Rehabilitation of Blackstrap North Dam and the Lac La Plonge Water Control Structure were substantially completed by year end. Rehabilitation of the Lac La Ronge water control structure was delayed for a second consecutive year due to abnormally high lake levels throughout the year.

- The risk ratio for the Authority's water management infrastructure decreased only slightly from 0.145 to 0.144 and the number of dams requiring upgrades to meet dam safety criteria increased from 26 to 28. This was principally due to deferred rehabilitation work, the continued physical deterioration of some facilities, and the identification of previously unknown deficiencies.

- The Authority is leading implementation of the Water Conservation Plan for Saskatchewan. Initiatives being worked on include a province wide low flow toilet rebate program as part of the SaskEnergy EnerGuide for Houses program, a public education campaign using TV, radio and print ads and partnering with interested communities to implement water conservation initiatives. The Authority has also initiated a program to improve water use data and a water conservation coordinator position is in the process of being staffed.

- On behalf of the province, the Authority and Saskatchewan First Nations and Métis Relations have participated in negotiations with the federal government and First Nations to resolve flood claims in the Qu'Appelle Valley. The Authority has been working with several First Nations to develop co-management agreements.

- Four new hydrometric stations were established in the Churchill and Tazin river basins. These gauges were operational by October 2006, and have been used to develop improved flow forecasting models.

- The Emergency Preparedness Plans for Rafferty and Alameda reached preliminary draft stages in 2006/07. Considerable work went into supporting SaskPower in their development of Emergency Preparedness Plans for Nipawin and E.B. Campbell dams.

- Technical and financial support was provided to Conservation and Development Area Authorities and to Watershed Associations through the Authority's Water Control Program to maintain and/or rehabilitate locally owned water control infrastructure. In response to demands arising from the large spring runoff and resulting impacts, the eligibility criteria for the above programs was expanded, while further support was provided through a reinstatement of the Authority's Channel Clearing Program.

- The Authority, in partnership with the Saskatchewan Research Council, completed two map sheets (based on National Topographic Survey map sheets at a scale of 1:250,000) and associated reports, which illustrate the location, extent, and depth of potential aquifers throughout Southern Saskatchewan.

- Twenty-six detailed assessments were conducted on water allocations for industrial projects to ensure compliance with water rights conditions and usage allocation.

GOAL 2 – Healthy Watersheds and Aquifers

- In follow up to the Green Strategy Water Stewardship Forum, the Authority has initiated the cooperative development of an Integrated Water Management Framework with federal and provincial departments.

- A draft source water protection plan for the South Saskatchewan River watershed is

under public review and is expected to be released early in the next fiscal year. Plans are also at an advanced stage in the North Saskatchewan River and Upper Qu'Appelle River watersheds and should be completed in coming months.

- Source water protection plans were completed for the Lower Souris River, Moose Jaw River, Assiniboine River watersheds, and for the Yorkton Area Aquifers. The Authority has been actively supporting the local committees in plan implementation through providing assistance in the establishment of formal entities to undertake plan implementation, coordination of the provincial responses to the key actions, and financial support towards hiring local watershed coordinators.

- Saskatchewan's first State of the Watershed Report was released in March 2007, setting a benchmark tool for assessing watershed health to ensure source water protection and sufficient water supplies in the province.

- The Authority worked with its partners to offer Environmental Farm Planning Workshops and helped 470 producers develop Best Management Practice Plans.

- Approximately 12,500 acres of cultivated land were seeded to perennial cover through Authority programming. Potential future benefits to watersheds include reduced soil erosion, reduced sedimentation of surface water bodies, and improved condition of native rangelands.

- The Authority extended professional certification workshops to 518 educators in the family of Project WILD programs and 333 educators in the basic Project WET program. This family of environmental education programs is authorized by Saskatchewan Learning and supports the provincial Core Curriculum grades1 to 12, in stewardship, biodiversity and sustainability of ecosystems. For the first time, Project WET, Project WILD, and the WILD supplementary program, Below Zero, were offered at the Northern Area Teachers' Conference for Northern Lights School Division and 64 teachers were certified.

Summary of Financial Results

During the 2006/07 year, the Saskatchewan Watershed Authority generated an operating surplus of $2,699,000, compared to a surplus of $4,514,000 in the prior year. The revenues for the current year totalled $26,450,000 (2005/06 - $26,942,000) and expenses were $23,751,000 (2005/06 - $22,428,000).

An increase of $1,204,000 in grant revenue from the General Revenue Fund was offset by a decrease in revenues collected from SaskPower under The Water Power Act ($1,276,000). The majority of the increase in grant revenue relates to Green Strategy funding received at the end of the 2006/07 year; related expenses will not be incurred until the 2007/08 year. The decrease in the revenue from The Water Power Act is a reflection of the smaller volume of water available during 2006. Expenses have increased due to the following: Water Conservation Plan was new to the Authority in 2006/07; costs associated with negotiations with the First Nations along the Qu'Appelle Valley; and retroactive pay related to the most recent collective bargaining agreement with the Union.

2006 – 2007 Performance Results

The Saskatchewan Watershed Authority's annual Performance Plan is released with the Provincial Budget documents and is available at our web site (www.swa.ca). Performance information is used to assess overall progress towards goals and objectives each year, and assists in setting priorities for the next fiscal year.

The key actions originally presented in our 2006/07 Performance Plan follow, along with a report on actual progress for each. Actual results are included for all key actions and performance measures published in our Plan, as well as for all commitments related to the Saskatchewan Watershed Authority in the government-wide 2006/07 Performance Plan Summary.

Goal 1: Safe and Sustainable Water Supply

Objective 1: Water Management Infrastructure Is Safe and Meets Operational Requirements

The Authority operates and maintains 45 water control structures and 130 kilometres of conveyance channels for the province. These works are an essential part of Saskatchewan's water management infrastructure. They control the flow of water to improve water quality, ensure adequate supply, reduce the risk of flood damage, enhance recreation opportunities and maintain aquatic habitat. Four of the dams, Gardiner, Qu'Appelle, Rafferty and Alameda, would have major consequences from downstream flooding, including property and environmental damage, and the risk of loss of life, if they failed.

Like all capital assets, these works depreciate and require a continuous investment in maintenance and rehabilitation to ensure their safety and ability to operate to meet the province's needs. The Authority's 2006/07 aggregate expenditure for the water management infrastructure rehabilitation was $2,817,040.

The majority of the Authority's structures are 35 years old or more. Not only has their physical condition declined, in many instances the initial criteria used in their design falls well short of today's standards. Furthermore, at the time of project development, potential impacts on fish were not as great a concern as they are today. Aside from the need to ensure structural integrity, fish passageways need to be constructed at some facilities and improved at others.

To assess the safety of the water management infrastructure, the Authority undertakes a number of activities, including comprehensive safety inspections, performance monitoring, safety analyses and hydrology reviews. The total cost of the Authority's Dam Safety Program during the reporting period was $529,070.

Key Results

Initiate a dam break analysis of the Qu'Appelle River Dam. [2006 - 2007 planned result]

In December, request for proposals were invited from engineering consultants to undertake analysis of the Qu'Appelle River Dam. This work, valued at approximately $110,000, was awarded in January 2007. By the end of March, much of the hydraulic modeling had been completed. A final report, including inundation mapping, is due on July 31, 2007. This work will enable the Authority to prepare Emergency Preparedness Plans for this dam.

Rehabilitate infrastructure, including Lac La Ronge Control Structure, Blackstrap North Dam and Lac La Plonge Water Control Structure, to ensure they are safe and operational. [2006 - 2007 planned result]

In November 2004, a $1,268,664 contract was awarded to rehabilitate the concrete control structure at the outlet of Lac La Ronge. A number of safety deficiencies were identified at the structure, which included damaged radial gate components, eroded concrete, inadequate structure stability and a labour intensive stop log handling system that posed excessive risk to the safety of operators. Although it was anticipated that project rehabilitation would be completed in the fall of 2005, abnormally high winter and summer precipitation in 2005 and 2006, maintained the lake at near record high levels. These levels would have been further raised had project rehabilitation proceeded given that, in order to undertake the work, lake outflows need to be significantly curtailed and would have resulted in significant damage to properties around the lake. Therefore, completion of project rehabilitation was deferred for another year. Project costs incurred during 2006/07 amounted to $221,600.

Following the construction of Blackstrap North Dam in 1967, the rock and cobble armouring of the upstream face had deteriorated leaving the earth core vulnerable to wave induced erosion.

In August, the Authority awarded a $358,500 contract to install additional rip-rap along a 1030 metre length of the dam. This work was satisfactorily completed in November.
The hydraulic capacity of the Lac La Plonge Control Structure at the outlet of the lake was significantly undersized. In recent years, this under capacity resulted in very high lake levels which was damaging the shoreline and threatening developments around the lake. Also, during 2004 and 2005, the high lake levels were largely responsible for the partial failure of the associated low head earthen dam. In 2006, the Authority completed the design and tendered the construction of a rockfill-steel sheet pile weir that included the integration of a fish passageway. In August, a $510,550 contract was awarded for the construction of the new structure. This work was substantially completed by the end of December. The new structure will limit significant fluctuations in lake levels, which have historically occurred as well as enable fish passage into the lake on a year-round basis.

Commission a dam safety review of Alameda Dam. [2006 - 2007 planned result]

Part of the Authority's prudent Dam Safety Management Program is to have arm's length dam safety reviews undertaken of the dams where failure consequences would be severe. In August 2006, the Authority commissioned such a review of Alameda Dam, at an estimated cost of approximately $89,000.

Install a fish way at Lac La Ronge Water Control Structure.
[2006 - 2007 planned result]

Deferral of the Lac La Ronge Control Structure rehabilitation work in turn delayed the construction of the fish way.

Measurement Results

The Authority uses two performance measures to evaluate progress in upgrading its infrastructure to current standards: the risk associated with management infrastructure; and the number of dams requiring upgrades to meet dam safety criteria.

Although the risk ratio decreased marginally from 0.145 to 0.144 over the year, the number of dams assessed that need upgrades rose from 26 to 28. The deferral of rehabilitation work at the Lac La Ronge Control Structure partially contributed to this increase. That the risk ratio only declined slightly, was principally due to the following factors:

- Continued physical deterioration of some facilities, including Brightwater Creek Dam, West Poplar Dam and Pike Lake; and,
- Identification of newly discovered deficiencies at Avonlea Dam, Broderick West Dam, Five Mile Dam, Stelcam Weir and Tee-Pee Creek Dam.

Performance Measurement	March 2003	March 2004	March 2005	March 2006	March 2007
1. Risk associated with water management infrastructure. The Authority uses a ratio of the assessed risk to the total possible risk to establish targets and to measure progress in reducing risk associated with its infrastructure. Risk, defined as the likelihood of a failure multiplied by the consequences of a failure, has been assessed in relative values. Numerically the risk ratio can be expressed as: Risk Ratio = $\frac{\sum \text{Assessed Current Risk}}{\sum \text{Total Possible Risk}}$	0.190	0.147	0.141	0.145	0.144
2. The number of dams requiring upgrades to meet dam safety criteria.	29	27	27	26	28

Goal 1: Safe and Sustainable Water Supply

Objective 2: Water Supply is Reliable

A reliable water supply is essential to support domestic, economic and environmental demands -- both present and future.

The province has historically managed the planned removal of water from source water bodies by allocating supplies for domestic, municipal, industrial, irrigation, and other purposes. A prime objective in managing the allocation of water is to ensure that new users do not take water already allocated and depended on by another person or business. Managed allocation also allows for new and other uses to be considered, such as burgeoning economic initiatives and instream uses important to the health of aquatic ecosystems.

Operation of provincial projects, such as the Authority's major dams and SaskPower's hydro operations, requires careful planning to achieve project objectives and to minimize negative impacts on other uses of the resource. Reliable and extensive data is collected and analyzed to provide the essential background information required for operation planning.

There is a consensus among most climatologists that the earth's temperature is rising leading to potential variability on other meteorological elements, such as rain and snow, wind, and the frequency of severe storms. These changes will impact on the province's water supply, so maintaining reliable water supplies into the future will require continued and improved water management methods.

During the year, the Authority released and began implementation of Saskatchewan's Water Conservation Plan, continued effective allocation and reservoir operation systems, and initiated revisions to provincial water allocation policies.

Key Results

Lead implementation of the Water Conservation Plan.
[2006 - 2007 planned result]

The Water Conservation Plan for Saskatchewan is now complete and implementation is underway. This includes a province-wide low flow toilet rebate program as part of the SaskEnergy *Saskatchewan EnerGuide for Houses* program, a public education campaign using TV, radio and print ads and partnering with interested communities to implement water conservation initiatives. A Water Conservation Coordinator position has been created within the Authority and is in the process of being staffed.

Initiate revisions to the Watershed Authority's water allocation policies.
[2006 - 2007 planned result]

Work on the allocation policy has initiated and will be completed in 2007/08.

Initiate a program to improve water data including developing a strategy for collecting water use data from a wider range of users of surface and ground water, including detailed assessments of actual water use by some users. [2006 - 2007 planned result]

The Authority, as a component of the Water Conservation Plan, has several initiatives leading toward improvement in the collection and use of water data. The Authority has staffed a technical position in the drought-prone southwest region of the province, to direct increased technical effort toward improving water allocation records as a prerequisite to the collection of water use data. The Authority has also created a new Water Conservation Coordinator position which will lead activities to enhance water use efficiency, and contribute to data collection and future water management improvements. Discussions are underway with agriculture sector agencies and interest groups to explore how irrigation and agricultural industrial water users may participate in the joint collection of water use and related data.

Participate in negotiations with the federal government and Qu'Appelle Valley First Nations to resolve flood claims.
[2006 - 2007 planned result]

Representing the province, the Authority and Saskatchewan First Nations and Métis Relations have participated in negotiations with the federal government and First Nations to resolve flood claims in the Qu'Appelle Valley. The Authority has been working to develop co-management agreements with Sakimay, Cowessess and Pasqua First Nations. The development of these agreements comes out of the province's duty to consult with First Nations around the impact of water management on reserves and on Treaty Rights.

Negotiate an agreement with Environment Canada to guide Piping Plover management at Lake Diefenbaker to mitigate losses caused by reservoir operations.
[2006 - 2007 planned result]

The Authority has developed a draft Piping Plover Management Plan for Lake Diefenbaker, which has been approved by SaskPower and Saskatchewan Environment. The draft management plan will be forwarded to Environment Canada for review in 2007, and negotiations on an agreement will follow.

Review and revise operating plans for an additional five of the 45 Watershed Authority owned structures, including public consultation where necessary.
[2006 - 2007 planned result]

Significant progress has only been made for the Gardiner Dam/Lake Diefenbaker operating plan. Resources were diverted to managing the floods of 2006 and working on interjurisdictional water management, preventing progress on other plans.

Improve ability to forecast flows on northern rivers by installing and operating four new hydrometric stations in the Churchill and Tazin River Basins.
[2006 - 2007 planned result]

Four new hydrometric stations were established in the Churchill and Tazin River basins. These gauges were operational by October 2006 and have been used to develop improved flow forecasting models.

Measurement Results

There are three performance measures related to this objective: *the number of detailed assessments conducted on water allocations for industrial projects; the number of 1:250,000 map sheets for which geographic information system based groundwater maps have been completed; and, the municipal per capita water consumption.*

In relation to the first measure, the Authority allocates water to industrial projects and imposes conditions such as reporting of water use, limits when water can be withdrawn, sets the term of licence and stipulates non transfer of licence without prior approval of the Authority. The Authority conducts detailed assessments of industrial projects to determine actual water use and to determine if water use conditions imposed by the Authority are appropriate. The number of assessments conducted is also measured. The assessments will determine the need for the Authority to modify existing licences and whether or not to consider adding new conditions to future licences.

Performance Measure	2004-05	2005-06	2006-07
The number of detailed assessments conducted on water allocations for industrial projects	0	27	26

The Authority, in partnership with the Saskatchewan Research Council, has previously completed a series of maps which illustrate the location, extent, and depth of potential aquifers throughout southern Saskatchewan. In 2005, the Authority initiated a program to further refine knowledge of ground water with a new series of digital maps and associated reports. This information, available on the Authority's web site, is very important in helping communities, industry and other water users understand ground water availability and protection. This indicator tracks progress in completing this mapping. Maps are based on National Topographic Survey map sheets at a scale of 1:250,000.

Work on these map sheets was delayed during 2006 while the Saskatchewan Research Council undertook its component of the data collection and assessment. Two map sheets and associated reports were completed in draft by the end of March 2007. Completion of two more map sheets is anticipated early in the next fiscal year.

Measuring the municipal per capita water consumption provides for total annual urban water use (in-home, business and municipal irrigation) within communities. The annual consumption is affected by summer irrigation demands which vary between wet and dry years causing the performance measure to vary between years. However, because the goal of water conservation is to become more efficient in all water uses, this is a good measure of water conservation in the urban setting. The Authority does not have direct control over this measure, but through water conservation programs does influence the measure.

This measure is computed by summing the annual water consumption for each community from the Saskatchewan Community Water Use Records maintained by the Authority, and dividing by the total population and 365 (days). The change in the water consumption rate is attributed to the natural annual variability found in water consumption records. As the Water Conservation Plan has only recently been implemented it is not anticipated that a measurable decrease in water use will be measured for several more years.

Performance Measure	March 05	March 06	March 07
Number of 1:250,000 map sheets for which geographic information system based digital ground water maps have been completed	0	0	2

Performance Measure	2004	2005
Municipal per capita water consumption*	437 litres per person per day	427 litres per person per day

*Data is collected on a calendar year basis and the 2006 data is not available until July 2007.

Goal 1: Safe and Sustainable Water Supply

Objective 3: Flood Damage is Minimized

Floods can impose significant costs in property damage and loss of production. The Authority works to minimize flood damage through the use of water management infrastructure and by predicting areas at risk of flooding to guide other departments, municipalities and business in reducing flood risk. Dams, dykes and ditches can reduce the size and duration of floods, while proper management of development in flood plains avoids the large costs in property damage that could otherwise occur in a major flood.

The Authority has developed two performance measures for this objective, but both show progress on only small portions of the overall flood damage issue. The Authority is working to find additional definitive final outcome measures. However, finding good measures is a challenge because flooding is a rare event, and therefore fluctuations are significant from year to year.

Key Results

Complete and test Emergency Preparedness Plans for Rafferty and Alameda Dams. [2006 - 2007 planned result]

The Emergency Preparedness Plans for Rafferty and Alameda reached preliminary draft stages in 2006/07. Considerable work also went into supporting SaskPower in their development of Emergency Preparedness Plans for Nipawin and E.B. Campbell dams. In the unlikely situation that SaskPower was faced with dam emergencies at either Nipawin and E.B. Campbell dams, the Authority would have a significant role in the mitigation efforts for these emergencies.

Complete the Flood Damage Reduction Program mapping for Weyburn, Prince Albert and Swift Current and revise the mapping for Saskatoon. [2006-07 planned result]

The Flood Damage Reduction Program mapping for Prince Albert was digitized and placed on more current City of Prince Albert mapping. The Authority and Saskatchewan Government Relations have been working with the city of Prince Albert to update the mapping and to assist in adopting 1 in 500 year flood standards. Work was completed by Prairie Farm Rehabilitation Administration in making the current Flood Damage Reduction Program mapping digital for Swift Current. Confirmation of the Weyburn Flood Damage Reduction Program mapping is awaiting a high flow spring runoff event.

Review the Flood Damage Reduction program and develop a standard for auditing flood plain development in communities. [2006 - 2007 planned result]

The Watershed Authority has completed some preliminary work on assessing flood plain development in communities since the completion of the Flood Damage Reduction Program mapping. The standard for auditing flood plain development in floodplains is still in draft stage.

Provide technical and financial support to Conservation and Development Area Authorities and Watershed Associations to maintain/rehabilitate locally owned existing water control infrastructure. [2006 - 2007 planned result]

Technical and financial support was provided through the Authority's Water Control programs. Activities included inspection of works for the identification of maintenance and capital improvement, and related administration support. In response to demands arising from the large spring runoff, the Authority contributed nearly $330,000 towards maintenance and rehabilitation activities involving 57 Conservation and Development Authorities and Watershed Associations.

Technical and financial support under the Channel Clearing Program directed $265,400 largely toward the removal of obstructions and beaver dams from natural channels within 63 rural municipalities as a means of reducing current and future flooding and related overbank erosion.

Complete implementation of the new drainage complaint process and deal with complaints resulting from the high precipitation in 2005, resolving as many as possible through informal processes. [2006 - 2007 planned result]

Implementation of the new drainage complaint policy is well underway. Modifications to program elements and recommendations for regulatory changes will be completed in 2007. Since the inception of the new drainage complaint process, and as a result of high precipitation levels in 2005, approximately 152 informal complaints have been received. Of these, 133 have been dealt with through the informal process by resolution or withdrawal, leaving unresolved, 13 informal and 6 formal complaints to be carried into the new fiscal year.

Measurement Results

There are two performance measures for this objective: Number of urban municipalities adopting acceptable flood hazard zoning bylaws; and, the per cent of flood susceptibility studies on new subdivisions forwarded to Government Relations within 30 days.

The first measure quantifies the number of urban municipalities adopting acceptable flood hazard zoning bylaws. Flood damages are largely, though not exclusively, associated with urban development in flood prone areas. Therefore, one of the most effective ways to minimize flood damage costs is by preventing inappropriate development in these areas. Given this decision is made by each municipality, the results for this measure will largely be out of the control of the Authority; however, the Authority can influence this measure by providing information on flood risk.

Few communities are actively looking at adopting higher standards in their acceptable flood hazard zoning bylaws. Prince Albert is looking into this issue, but faces many problems with moving forward in the development of higher standards in their acceptable flood hazard zoning bylaws.

Under The Planning and Development Act, 1983, the Authority is requested to review proposed subdivisions to determine flood risk to the property. The assessment and comments are forwarded to Government Relations for their evaluation of the proposed subdivisions. The proportion of flood susceptibility studies of proposed subdivisions forwarded by Government Relations for review completed within 30 days is being measured. Many of the subdivision studies were more complex in nature this year, requiring more time to complete.

The determination of flood risk and susceptibility is key to minimizing flood damages. If the proposed subdivision of land is susceptible to flooding, new development in the flood plain can be prevented or restricted to minimize flood damages. The Authority has a significant level of influence over the measurement results.

Performance Measure	March 2003	March 2004	March 2005	March 2006	March 2007
The number of urban municipalities adopting acceptable flood hazard zoning bylaws	16	16	16	16	16

Performance Measure	2004-05	2005-06	2006-07
Per cent of flood susceptibility studies on new subdivisions forwarded to Government Relations within 30 days	34%	70%	75%

Goal 2: Healthy Watersheds and Aquifers

Objective 1: Source Waters and Watersheds are Protected

The people of Saskatchewan depend on both surface and ground water sources for their basic human needs and to generate economic activity. Proper siting of a water supply and aggressively protecting it from potential contaminants are keys to providing a safe water supply.

The Authority has adopted measures to provide multiple barrier protection for drinking water from source waters to the tap, and has made significant progress in all parts of the planning, implementation and monitoring cycle. The first four source water protection plans have now been completed, the first State of the Watershed Report using indicators to assess the health of Saskatchewan's watersheds was recently released, and significant progress has been made in assisting the local committees with plan implementation activities.

Key Results

In follow up to the Green Strategy Water Stewardship Forum, initiate cooperative development of an Integrated Water Management Framework with federal and provincial departments and consult with First Nations and stakeholders. [2006 - 2007 planned result]

A committee of federal and provincial agencies with direct involvement in water issues has been formed and is meeting on a regular basis. The Authority co-chairs the committee and provides secretariat support to the committee. Work on the framework is progressing as scheduled with completion anticipated in 2007.

Facilitate work of local planning committees to complete source water protection plans for the North Saskatchewan, South Saskatchewan and Upper Qu'Appelle river watersheds, and coordinate development of the provincial responses to these plans. [2006 - 2007 planned result]

The Authority continues to actively support watershed and aquifer source water protection planning. Members of locally-based watershed and aquifer advisory committees, with the support of technical committees, contribute their perspectives and expertise, distribute information to the groups they represent, and ultimately develop the plans and implement the key actions contained in their completed watershed plans.

A draft source water protection plan for the South Saskatchewan River watershed is under public review and is expected to be released early in the new fiscal year. Plans are also at an advanced stage in the North Saskatchewan and Upper Qu'Appelle river watersheds and should be completed in the coming months.

Assist designated watershed groups with implementation of watershed plans and annually report progress. [2006 - 2007 planned result]

Source water protection plans were completed during the 2006/07 fiscal year for the Lower Souris River, Moose Jaw River, Assiniboine River watersheds, and for the Yorkton Area Aquifers. The Authority has been actively supporting the local committees as they commence the important work of plan implementation. This support includes assistance in the establishment of formal entities to undertake plan implementation, coordination of the provincial responses to the key actions, and financial support towards the hiring of local watershed coordinators.

Prepare and publish a State of the Watershed Report. [2006 - 2007 planned result]

Saskatchewan's first State of the Watershed Report was released in March 2007.

Complete wetlands and drainage policy. [2006 - 2007 planned result]

The draft wetlands and drainage policy has been distributed to all involved provincial interests for review and comment. A final policy and implementation details will be completed in 2007.

Work with partners to prepare a strategic plan for North American Waterfowl Management Plan programs in the Prairie Habitat Joint Venture.
[2006 - 2007 planned result]

The Authority and its partners (Environment Canada, Agriculture and Agri-Food Canada, Saskatchewan Agriculture and Food, Saskatchewan Environment, Nature Conservancy of Canada, and Ducks Unlimited Canada), work on Saskatchewan's strategic plan for North American Waterfowl Management Plan delivery within the Prairie Habitat Joint Venture is nearing completion. This plan will describe new target areas, estimates of waterfowl productivity deficits, habitat conservation and restoration activities and goals required to eliminate waterfowl productivity deficits, and protocols for tracking progress. Completion is anticipated by summer 2007.

Increase the awareness of the relationships between agricultural activities, source water protection and ecological function through extension activities and development of Beneficial Management Practices with a minimum of 300 producers.
[2006 - 2007 planned result]

The Authority participated in Environmental Farm Planning Workshops as technical advisors, workshop planners and coordinators, and assisted approximately 470 producers with the development of formal or informal Best Management Practice Plans.

Approximately 12,500 acres of cultivated land were seeded to perennial cover through Authority programming with future benefits to watersheds including reduced soil erosion, reduced sedimentation of surface water bodies and improved condition of native rangelands.

Undertake an assessment to determine the contribution of non-point agricultural sources to water quality and habitat degradation that can be used in the watershed planning activities and to measure the efficacy of Best Management Practices.
[2006 - 2007 planned result]

A study to determine the extent of agricultural non-point source contributions to Saskatchewan's water quality is occurring in the Lower Souris watershed along Pipestone Creek. Funding partners and local contacts are in place. This study involves four principal components: land use assessments, water quality testing, hydrological measurements and evaluation of aquatic biological communities (macroinvertebrates). Land use assessment is now being conducted. The first year of water quality sampling, flow measurements and macroinvertebrate evaluation will occur during the spring and summer of 2007.

Measurement Results

There are three performance measures for this objective: the number of completed watershed and aquifer plans; the Water Quality Index ratings for lakes; and, the Water Quality Index ratings for rivers.

Watershed and aquifer plans guide activities for source water protection. Watershed planning allows Saskatchewan residents the opportunity to commit to and participate in changes that will ensure adequate and quality drinking water. Completed plans set priorities and identify emerging issues.

The Authority leads the planning process, but the local advisory committee representatives develop the plans. The Authority thus shares influence on this measure with the watershed residents.

Performance Measure	Status	March 2004	March 2005	March 2006	March 2007
Number of completed watershed and aquifer plans	Completed	0	0	0	4
	Draft Plans	0	0	2	1
	Underway	7	7	5	2

The Water Quality Index is an overall measure of the quality of water for specific uses, such as the protection of aquatic life, livestock watering, and recreation. The levels of chemicals and organisms in the samples are compared with the Water Quality Index levels for safety and health of the people. The Index is a composite measure of different chemicals and organisms in the water and whether the water quality is safe for particular uses. It is a good measure of the quality of surface or ground water. The Water Quality Index incorporates three elements:

- scope - the number of variables that do not meet the water quality objectives;
- frequency - the number of times that variables do not meet the objectives; and,
- amplitude - the amount by which the objectives are not being met.

From these elements, the Water Quality Index produces a score between 0 and 100.

Of note, modifications for these performance measures were required during 2006-07 to allow for greater accuracy and improved clarity. The modifications are as follows:

- The objectives of the Water Quality Index were updated to be consistent with Saskatchewan's Surface Water Quality Objectives which were changed in 2006.
- The number of lakes monitored has been increased to 14 (using 17 sampling sites).
- The Battle and Carrot rivers have been included as part of the Water Quality Index assessment, as Souris and Moose Jaw rivers do not have enough data collected to apply to the Water Quality Index.
- For the river sites, the Water Quality Index is now calculated on a rolling five year and a rolling 15 year average, which helps buffer potential significant flow influence on the Index (which can lead to incorrect observations and conclusions). The rolling five year Water Quality Index averages for the rivers are heavily weighted (60 per cent) for the current year of the cycle (2006) with the remaining 40 per cent spread out over 2005 to 2002.

As a result of the above changes, the baseline data for the Water Quality Index rating for lakes and rivers have effectively been re-established to 2005 and 2006, respectively.

The Authority has limited direct control over the results of this broad measure of water quality. While the provincial government regulates point source pollution, many human and natural factors can influence water quality.

1. Water Quality Index (WQI) ratings for lakes

Water Body	2005 WQI Score	2005 Rating	2006 WQI Score	2006 Rating
Anglin Lake	100.0	Excellent	91.7	Good
Christopher Lake	88.2	Good	83.8	Good
Emma Lake Baseline 1	100.0	Excellent	92.5	Good
Emma Lake Baseline 2	100.0	Excellent	95.6	Excellent
Good Spirit Lake	88.5	Good	91.9	Good
Lac Pelletier	85.1	Good	87.3	Good
Last Mountain Lake Baseline 1 - Pelican Point	79.8	Fair	73.1	Fair
Last Mountain Lake Baseline 2 - Arlington	77.5	Excellent	81.4	Good
Moosomin Reservoir	77.0	Fair	83.5	Good
Round Lake (Kelvington)	92.5	Good	96.2	Excellent
Turtle Lake	92.5	Good	100	Excellent
Brightsand Lake	83.0	Good	82.8	Good
Big Shell Lake 1 - South	92.3	Good	100.0	Excellent
Big Shell Lake 3 - North	100.0	Excellent	100.0	Excellent
Jackfish Lake	64.3	Fair	68.7	Fair
Murray Lake	86.8	Good	91.5	Good
Pike Lake	85.1	Good	91.6	Good

2. Water Quality Index (WQI) ratings for rivers

River System	5 Year Rolling Average - 2006 WQI Score	5 Year Rolling Average - 2006 Rating	15 Year Rolling Average - 2006 WQI Score	15 Year Rolling Average - 2006 Rating
Assiniboine River*	75.5	Fair	75.2	Fair
Battle River *	63.2	Fair	64.4	Fair
Beaver River *	75.5	Fair	76.2	Fair
Beaver River – Beauval	91.7	Good	91.7	Good
Beaver River - Dorintosh	85.5	Good	85.5	Good
Carrot River *	63.3	Fair	62.1	Fair
Churchill River *	92.9	Good	93.3	Good
Churchill River – Otter Rapids	100.0	Excellent	100.0	Excellent
North Saskatchewan River *	70.9	Fair	71.5	Fair
North Sask. River – Cecil Ferry (downstream)	86.0	Good	78.4	Fair
North Sask. River – Cecil Ferry (upstream)	78.8	Fair	76.8	Fair
North Sask. River – Prince Albert	74.2	Fair	77.4	Fair
Qu'Appelle River *	66.2	Fair	66.8	Fair
Qu'Appelle River – below Qu'Appelle Dam	100.0	Excellent	92.2	Good
Qu'Appelle River – Wascana River	74.1	Fair	77.3	Fair
Qu'Appelle River – Hwy#11 at Lumsden	63.6	Fair	57.5	Marginal
Qu'Appelle River - Edenwold	63.8	Fair	56.3	Marginal
South Saskatchewan River*	100.0	Excellent	91.6	Good

*Prairie Provinces Water Board monitoring site

The following descriptive categories are used to further explain the Water Quality Index results:

Excellent: (WQI value 95-100) - Water quality is protected with a virtual absence of threat or impairment; conditions very close to natural or pristine levels. These index values can only be obtained if all measurements are within objectives virtually all of the time.

Good: (WQI value 80-94) - water quality is protected with only a minor degree of threat or impairment; conditions rarely depart from natural or desirable levels.

Fair: (WQI value 60-79) - water quality is usually protected but occasionally threatened or impaired; conditions sometimes depart from natural or desirable levels.

Marginal: (WQI value 45-59) - water quality is frequently threatened or impaired; conditions often depart from natural or desirable levels.

Poor: (WQI value 0-44) - water quality is almost always threatened or impaired; conditions usually depart from natural or desirable levels.

Goal 2: Healthy Watersheds and Aquifers

Objective 2: The Public is Aware of the Importance of Healthy Watersheds

Many actions to protect water can only be accomplished at the initiative of or in partnership with the citizens of the province. Success of the Authority's programs is therefore dependant on public understanding of the importance and benefits of source water protection.

The Authority made good progress on profiling land management practices which sustain healthy watersheds. The Authority launched a multi-media public awareness campaign on water conservation, achieved significant results in mentoring Aboriginal teachers to facilitate the Authority's environmental education programs, and developed a primary level teacher activity guide linked to the Saskatchewan curriculum to promote the value of native prairie.

The current performance measure only examines school based educational programs which, while important, are only one aspect of creating public awareness.

Key Results

Use marketing and communications to support the watershed and aquifer planning processes and plan implementation. [2006 - 2007 planned result]

- Communications items including posters, brochures, newspaper articles, print advertisements and informational mail-outs were produced in support of the development of Source Water Protection Plans.
- Communications support was provided to assist in the development of Source Water Protection Plans in the Moose Jaw River, Lower Souris River, Assiniboine River and the Yorkton Aquifer. Activities included the coordination of media events, the production and distribution of news articles, and assistance in the development of newsletters and various educational publications.
- The Authority developed communications items to encourage adoption of Beneficial Management Practices by Saskatchewan agricultural producers and to promote Agri-Environmental Group Plans. Items included newsletters, flyers, newspaper articles, and a Beneficial Management Practice radio campaign.
- Five articles prepared by the Authority on watershed planning and Beneficial Management Practices appeared in the March issue of Farming For Tomorrow magazine.

Develop public information on water conservation initiatives. [2006 - 2007 planned result]

The Saskatchewan Water Conservation Plan was released in the Legislative Assembly on November 6, 2006. The Plan's success depends on individuals deciding to take actions that conserve water. Communications and education are therefore essential components of plan implementation. Following release of the Water Conservation Plan, the Authority initiated a campaign to stimulate action to conserve water. The campaign included publication of the Plan, a brochure, Mysask.com web banner advertisements, radio advertisements, billboards, television public service announcements, print advertisements, news articles and development of a water conservation page on the Saskatchewan Watershed Authority web site.

Initiate public opinion research to measure public attitudes towards source water protection. [2006 - 2007 planned result]

During the year, the Authority conducted polling and examined possible performance measures based on the public polling, but rejected them because changes in poll results will result from factors beyond the Authority's control, making it a poor performance measure.

Complete development of a native prairie teacher activity guide, linked to the Saskatchewan curriculum, for grades 3 to 6 and make it available on the Authority's website. [2006 - 2007 planned result]

The completed Grade 1 Native Plants unit is ready to be posted on the Authority website. The Grade 2 Native Plants unit content was completed in the design template format. The student activity sheets and wildlife cards were prepared to the draft format level. Work is continuing.

In addition to progress made on planned actions, other key results were made regarding Project WILD and Project WET programming.

Saskatchewan is the only jurisdiction in Canada offering Project WILD and Project WET programming to all the Aboriginal Teacher Education programs. During the 2006/07 academic year, the new Meadow Lake campus of the First Nations University of Canada's education program was included in the northern areas receiving workshop delivery.

Significant results were achieved in the Authority's efforts to mentor the newly trained Aboriginal teacher facilitators: four were involved in the co-planning and facilitation of workshops to their peers in northern Saskatchewan. For the first time, Project WET and Project WILD Aquatics as well as the WILD supplementary program, Below Zero, were offered at the Northern Area Teachers' Conference for Northern Lights School Division and 64 teachers were certified.

One performance measure for this objective has been developed: the number of teachers attending Project WET and Project WILD workshops. Data are presented for the academic year, which ends in June. This is an important measure of the success of our classroom education programs, as it is the teachers who take these workshops and then take the information to educate their students. Success in the program depends to a high degree on the educators around the province who have agreed to serve as facilitators for Project WILD and Project WET.

Performance Measure		June 2004	June 2004	June 2004
The number of teachers attending Project WET and Project WILD workshops	Project WET	128	313	333
	Project WILD	196	572	518

Financial Statements

For the fiscal year ending March 31, 2007

Management's Responsibility for Financial Reporting

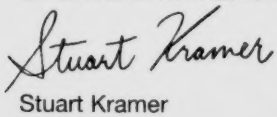
Management has prepared the financial statements of the Authority in accordance with Canadian generally accepted accounting principles for government organizations. The financial data included elsewhere in this report is consistent with the financial statements and the underlying information from which the Authority prepared these financial statements.

Management has the primary responsibility for the integrity and objectivity of the financial statements. To fulfill this responsibility, the Authority maintains appropriate systems of internal controls, policies and procedures. These systems provide reasonable assurance that assets are safeguarded and that the books and records reflect the authorized transactions of the Authority.

Deloitte & Touche LLP, the Authority's external auditors, have examined the March 31, 2007 financial statements and their report follows.

The Board of Directors of Saskatchewan Watershed Authority has examined and approved the statements.

On behalf of the Authority,



Stuart Kramer
President

April 27, 2007

Auditors' Report

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of Saskatchewan Watershed Authority as at March 31, 2007 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Saskatchewan Watershed Authority as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for government.

Deloitte & Touche LLP

Chartered Accountants
Regina, Saskatchewan

April 27, 2007

Statement 1

Statement of Financial Position

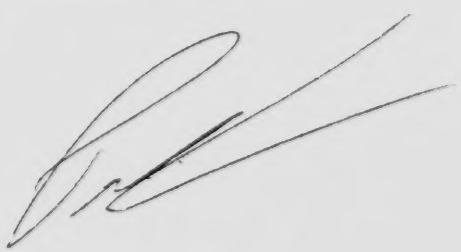
As at March 31

	2007	2006
	(Thousands of Dollars)	
Financial Assets		
Cash and short-term investments (note 3)	$ 859	$ 5,500
Investments (note 4)	8,090	-
Accounts receivable	6,208	5,446
	15,157	10,946
Liabilities		
Accounts payable	2,458	1,835
Deferred revenue (note 5)	1,593	1,317
Other long-term obligations (note 6)	657	589
	4,708	3,741
Net Financial Assets	10,449	7,205
Non Financial Assets		
Tangible capital assets (note 8)	302,820	303,410
Prepaid expenses and supplies	337	292
	303,157	303,702
Accumulated Surplus	$ 313,606	$ 310,907

Commitments and contingencies (note 9)

See accompanying notes

On behalf of the Board:



Statement 2

Statement of Operations and Accumulated Surplus

Year Ended March 31

	Budget (unaudited-note 13)	2007	2006
	(Thousands of Dollars)		
Revenue			
Government of Saskatchewan			
- General Revenue Fund	$ 6,537	$ 7,369	$ 6,165
- Fish and Wildlife Development Fund	828	828	828
Water revenue	13,106	15,000	16,276
Contract revenue (Schedule 1)	1,000	1,298	1,889
Other	1,316	1,955	1,784
	22,787	26,450	26,942
Expenses (Schedule 2)			
Corporate services	5,278	5,041	4,545
Regional services	4,103	4,126	3,816
Infrastructure management	2,272	2,084	1,888
Stewardship projects and administration	2,232	2,251	2,248
Watershed monitoring and assessment	1,796	1,875	1,944
Watershed planning	1,257	1,205	1,108
Hydrology services	1,316	1,587	1,537
Interjurisdictional water management and administration	868	931	690
Groundwater management	837	883	1,045
Interest	18	65	69
Amortization of tangible capital assets	3,536	3,703	3,538
	23,513	23,751	22,428
Surplus (Deficit) for the year	(726)	2,699	4,514
Accumulated Surplus – beginning of year	310,907	310,907	306,393
Accumulated Surplus – end of year	$ 310,181	$ 313,606	$ 310,907

See accompanying notes

Statement 3

Statement of Change in Net Financial Assets

Year Ended March 31

	2007	2006
	(Thousands of Dollars)	
Surplus for the Year	$ 2,699	$ 4,514
Acquisition of tangible capital assets	(3,117)	(3,321)
Amortization of tangible capital assets	3,703	3,538
(Gain) loss on sale of tangible capital assets	(11)	13
Proceeds on sale of tangible capital assets	15	71
	3,289	4,815
Acquisition of prepaid expenses and supplies	(45)	(115)
Increase in net financial assets	3,244	4,700
Net financial assets – beginning of year	7,205	2,505
Net financial assets – end of year	$ 10,449	$ 7,205

See accompanying notes

Statement 4

Statement of Cash Flows

Year Ended March 31

	2007	2006
	(Thousands of Dollars)	
CASH PROVIDED BY (USED IN)		
Operating Activities:		
Surplus for the year	$ 2,699	$ 4,514
Items not affecting cash:		
Amortization of tangible capital assets	3,703	3,538
(Gain) loss on sale of tangible capital assets	(11)	13
Net change in non-cash balances relating to operations:		
Accounts receivable	(762)	(491)
Prepaid expenses and supplies	(45)	(115)
Accounts payable and long-term obligations	691	(208)
Deferred revenue	276	(154)
	6,551	7,097
Capital Activities:		
Acquisition of tangible capital assets	(3,117)	(3,321)
Proceeds on sale of tangible capital assets	15	71
	(3,102)	(3,250)
Ivesting Activities:		
Acquisition of investments	(8,090)	-
	(8,090)	-
(Decrease) Increase in cash during the year	(4,641)	3,847
Cash and short-term investments – beginning of year	5,500	1,653
Cash and short-term investments – end of year	$ 859	$ 5,500

See accompanying notes

Notes to the Financial Statements *March 31, 2007*

1. Status of the Saskatchewan Watershed Authority

The Saskatchewan Watershed Authority (the "Authority") was established on October 1, 2002, under the authority of **The Saskatchewan Watershed Authority Act**. The Authority is a Treasury Board Crown corporation within the meaning of **The Crown Corporations Act, 1993**. The Authority is a continuing corporation of the Saskatchewan Wetland Conservation Corporation, established by Order in Council 29/90 dated January 10, 1990.

On October 1, 2002, the Saskatchewan Water Corporation transferred involvement in water management activities to the Saskatchewan Watershed Authority. These activities included the operations, maintenance and rehabilitation of provincially-owned water infrastructure including dams and conveyance channels, as well as the hydrometric, forecasting and regulatory functions of the Corporation.

In accordance with the provisions of **The Saskatchewan Watershed Authority Act, 2005** the Authority's general powers and purposes are to manage, administer, develop, control and protect the water, watersheds and related land resources of Saskatchewan and to promote the economical and efficient use, distribution and conservation of the water, watersheds and related land resources.

2. Significant Accounting Policies

These financial statements have been prepared using Canadian generally accepted accounting principles appropriate for the public sector. The following accounting principles are considered to be significant:

Tangible Capital Assets

Capital assets are recorded at cost. Internally provided engineering and technical services are capitalized at charge out rates designed to recover salaries, benefits and overhead. The objective of this policy is to recognize the approximate value of design, supervision and administrative services rendered by Authority employees on construction projects. As well, the Authority capitalizes interest expense on debt relating to specific construction projects. Charges for amortization are calculated at the following annual rates:

Tangible Capital Assets	Method	Rate
Buildings and leaseholds	straight-line	2.5% to 5%
Maintenance equipment	diminishing balance or straight-line, as appropriate	6.67% to 30%
Office equipment	straight-line	10% to 33.3%
Water infrastructure	straight-line	1.67% to 2.5%

Government of Saskatchewan Grants

Under the authority of Section 27 of **The Saskatchewan Watershed Authority Act, 2005** the Authority receives grants from the General Revenue Fund out of monies appropriated by the legislature or authorized by Order in Council. These grants are recorded as revenue when received or receivable and are used to fund grant programs, water management infrastructure rehabilitation expenditures and operations.

Revenue Recognition

Contractual revenue received by the Authority for specific purposes is recognized as revenue in the year in which the related expenditures are incurred.

Grants to Clients

Grants provided to clients for a variety of programs are recorded as an expenditure to the Authority if the final approval for the grant payment was made during the year. Where the Authority enters into contractual agreements for project construction under various assistance programs, expenditures are accounted for on an accrual basis.

Post Employment Benefits Other Than Pension

The Authority administers a benefit relating to a retirement allowance which is paid to eligible employees upon retirement. The Authority has adopted the accrual method of accounting for this benefit whereby the cost of providing the benefits is recorded when the related services of employees are performed.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the useful lives of assets for amortization periods.

3. Cash and Short Term Investments

Short-term investments are term deposits that are readily convertible to cash and with maturities of less than 90 days. The carrying value approximates their market value.

	2007	2006
	(Thousands of Dollars)	
Cash	$ 859	$ 3,519
Short-term investments	-	1,981
	$ 859	$ 5,500

4. Investments

Investments are term deposits that are readily convertible to cash and with maturities of more than 90 days. The carrying value approximates their market value.

	2007	2006
	(Thousands of Dollars)	
Investments	$ 8,090	$ -

5. Deferred Revenue

At year-end, the Authority has received funding for various projects but has not yet completed the projects. The balance that remains in deferred revenue includes the depredation fund established for the Souris Basin project to deal with wildlife and waterfowl depredation prevention and compensation.

	2007	2006
	(Thousands of Dollars)	
Balance, beginning of year	$ 1,317	$ 1,471
Contractual revenues received	320	68
Recognition of prior year deferred revenue	(44)	(222)
Balance, end of year	$ 1,593	$ 1,317

6. Other Long-Term Obligations

The amounts related to the defined benefit retiring allowance are as follows:

	2007	2006
	(Thousands of Dollars)	
Accrued benefit liability	$657	$ 589
Benefits paid during the year	10	31
Net expense (recovery)	78	(163)

The significant actuarial assumptions adopted in measuring the Authority's accrued benefit liability at March 31 are:

Discount rate	4.50%	4.75%
Inflation rate	2.75%	2.75%
Average remaining service life	13.3 years	12.6 years

7. Grants to Clients

Included in expenses are grants or assistance provided to various persons and organizations to carry out a variety of programs administered by the Authority. In addition, where the condition of financial assistance for certain programs requires the Authority to provide engineering or technical services, an allocation of salaries to grant expenses is made. Particulars of these grants, including salary allocation of $353,500 (2006 - $393,900), by program, are as follows:

	2007	2006
	(Thousands of Dollars)	
Flood Control and Drainage	$ 786	$ 721
Water Quality	230	272
Stewardship	314	417
Pumping Equipment Rental Program	195	196
	$ 1,525	$ 1,606

8. Tangible Capital Assets

			2007	2006
			(Thousands of Dollars)	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 5,155	$ -	$ 5,155	$ 5,155
Buildings and leasehold improvements	229	167	62	89
Maintenance equipment	2,481	1,781	700	605
Office equipment	835	487	348	295
Water infrastructure	376,851	80,296	296,555	297,266
	$ 385,551	$ 82,731	$ 302,820	$ 303,410

9. Commitments and Contingencies

Contractual Commitments
As of March 31, 2007, the Authority has outstanding commitments of $776,700 (2006 - $787,200) for construction contracts, consulting agreements, and land owner agreements.

As at March 31, 2007, the Authority and Communications, Energy and Paperworkers Union bargaining parties tentatively agreed to a new collective bargaining agreement. This agreement has been approved by the Authority's Board of Directors, as well as Cabinet in May 2007. The Authority's management has notified the Union of the approval. The Union is in the process of taking the proposed agreement to their members for ratification. Final ratificaton is expected to occur in early June 2007. An estimate relating to the settlement has been accrued at March 31, 2007.

The Authority is currently in negotiations with Communications, Energy and Paperworkers Union regarding the Job Evaluation Process wherein current positions are evaluated and reclassified as required to conform with a new job hierarchy. As a result, the Authority has a commitment to employees based on the outcome of the process. These negotiations have not progressed far enough to make a reasonable estimate of the associated cost, therefore no accrual has been recorded at March 31, 2007.

Leases

The Authority has entered into various operating lease agreements with the following minimum lease payments:

	(Thousands of Dollars)
2008	$ 822
2009	808
2010	650
2011	454
2012	399
2013 and thereafter	1,829
	$ 4,962

Litigation

The Authority is party to a number of lawsuits of which the outcome can not be determined, therefore, no amounts have been allowed for settlement in these statements.

10. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Authority by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year end, are as follows:

	2007	2006
	(Thousands of Dollars)	
Water, contract and other revenue	$15,416	$16,911
Expenses	3,773	3,460
Accounts receivable	4,760	4,110
Accounts payable	578	608

Other amounts and transactions due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

11. Pension Plan

The Authority's employees participate in the Capital Pension Plan (the "Plan"), a defined contribution pension plan. The Authority's contributions to the Plan include making regular payments into the Plan to match the required amounts contributed by employees for current service. The total amount paid to the Plan for 2007 was $666,900 (2006 - $643,100).

12. Financial Instruments

The Authority's recognized financial instruments consist of cash, investments, accounts receivable, accounts payable and other long-term obligations.

Credit Risk

The Authority is exposed to credit risk from the potential default of customers. However, the majority of the Authority's accounts receivable are from related parties, other government corporations and agencies.

Fair Values

The fair values of cash, investments, accounts receivable and accounts payable approximate their carrying value due to the short-term nature of these instruments. Fair values of other long-term obligations approximate their carrying values. These were estimated using current discount rates.

13. Budget Figures

The budget figures are presented for comparison purposes. The Authority's Board of Directors approved this budget on February 27, 2006.

14. Comparative Figures

Prior years' comparatives have been reclassified to conform to current year presentation. Expenses on the Statement of Operations and Accumulated Surplus have been reclassified to conform to current year program activities. Also, in prior years, the Authority was recording in-kind contributions from clients as both revenue and expenses. This practice has been discontinued, therefore $396,000 has been removed from both 2006 revenue and expenses.

Schedule 1 - Contract Revenue

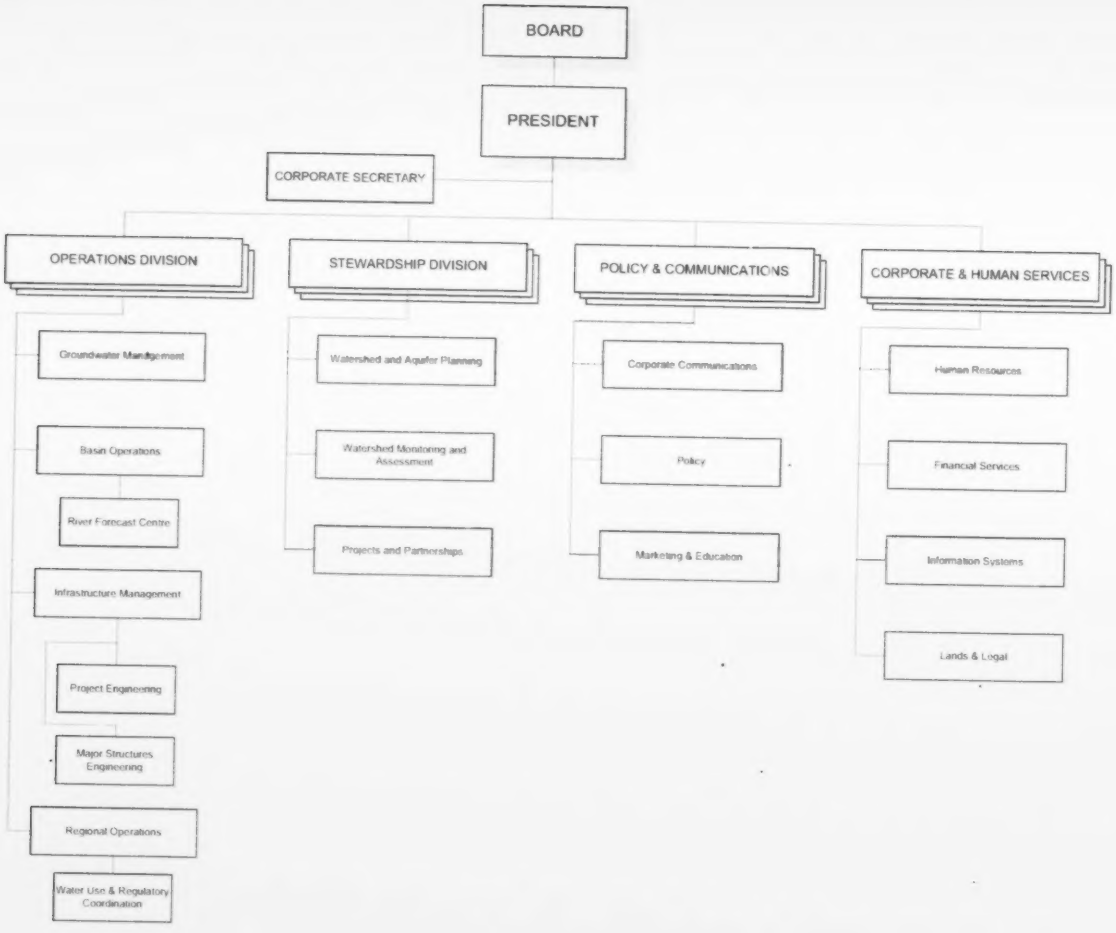
	2007	2006
	(Thousands of Dollars)	
Canadian Wildlife Service	$ 250	$ 250
Environment Canada	223	259
Wildlife Habitat Canada	38	78
United States - Federal and State	47	121
Canada Saskatchewan Water Supply Expansion Program	233	434
Other	507	747
	$ 1,298	$ 1,889

Schedule 2 - Expenses by Program

	Corporate Services	Regional Services	Infrastructure Management	Stewardship Projects & Administration	Watershed Monitoring & Assessment	Watershed Planning	Hydrology Services	Interjurisdictional Water Management & Administration	Groundwater Management	Interest & Amortization	2007 Total	2006 Total
											(Thousands of dollars)	
Salaries and benefits	$2,857	$2,598	$2,066	$ 878	$1,309	$ 987	$ 887	$295	$619	$ -	**$12,496**	$12,330
Travel and other staff costs	254	248	130	243	209	94	133	21	59	-	**1,391**	1,360
Professional services	241	13	174	61	175	-	-	16	2	-	**682**	648
Office supplies	519	86	38	71	42	94	21	25	8	-	**905**	740
Materials	26	18	91	7	30	-	31	1	14	-	**218**	231
Contractual services	176	4	84	172	19	-	459	331	222	-	**1,467**	1,434
Cash grants	-	597	9	314	-	-	-	-	-	-	**920**	909
Salary allocations	82	(46)	(650)	-	(59)	(86)	(67)	248	(55)	-	**(633)**	(932)
Other expenses	886	608	142	504	150	116	123	(6)	14	3,768	**6,305**	5,708
Total	$5,041	$4,126	$2,084	$2,251	$1,875	$1,205	$1,587	$931	$883	$3,768	**$23,751**	$22,428

Appendix 1

Organizational Structure



Regions and Offices

HEAD OFFICE

WATER RESOURCE OFFICES

Saskatchewan Watershed Authority Advisory Committee (2006 – 2007)

- Dr. Ray Fast, Chair, Partners for the Saskatchewan River Basin
- Donna L. Birkmaier, Saskatchewan Urban Municipalities Association
- Marie-Ann Bowden, Saskatchewan Eco-Network
- Solomon Carriere, Member at Large
- Cynthia Edwards, Ducks Unlimited Canada
- James Harvey, Saskatchewan Irrigation Projects Association
- Beth Henderson, Saskatchewan Women's Agricultural Network
- Larry Kratt, Canadian Association of Petroleum Producers
- Susan Lamb, Meewasin Valley Authority
- Larry Lenton, Prairie Farm Rehabilitation Administration
- Merlin McFarlane, Saskatchewan Conservation and Development Association
- Terry Ostrander, Saskatchewan Stock Growers Association
- George Smith, Member at Large
- Eric Sylvestre, Federation of Saskatchewan Indian Nations
- Don Taylor, Saskatchewan Association of Rural Municipalities
- Randy Wells, Member at Large
- Ray Wild, Saskatchewan Wildlife Federation
- Doug Wilson, Provincial Association of Resort Communities of Saskatchewan

For More Information

More information can be obtained by visiting the Authority's website at www.swa.ca, calling its head office in Moose Jaw at 306-694-3900, or contacting the water inquiry line toll free at: 1-866-SASK-H20 (1-866-727-5420).

Saskatchewan Watershed Authority
Payee Information for the Year Ended March 31, 2007

GENERAL COSTS

Listed are payees who received $50,000 or more for the provision of goods and services:

101073587 Saskatchewan Ltd.	$	107,088
BTS Group Inc.		94,780
Design Analysis Assoc., Inc.		55,339
Fairford Developments Inc.		495,456
H.C.L. Construction Ltd.		320,570
Hatch Acres Incorporated		155,736
Henderson Insurance Inc.		87,122
Hoskin Scientific Limited		51,504
Information Services Corp. of Sask		130,199
Knelsen, Larry		63,200
Mondrian Hall		96,140
Nilex Inc.		82,106
Receiver General for Canada		808,127
Redhead Equipment Ltd.		96,151
Rosemont Properties Inc.		231,356
Royal Bank of Canada – Chaseheld		55,855
Sask Power		89,096
Sask Property Management		1,194,241
Sask Research Council		362,994
Sask Tel CMR		289,391
Sask Tel Mobility		72,566
Sask Water Corporation		99,382
Saskcon Repair Services Ltd.		888,893
Tap Communications Inc.		171,405
TSL Mechanical Ltd.		70,110
Wawryk Associates Ltd.		137,637
Westridge Construction Ltd.		185,172
Supplier Payments Under $50,000		2,888,322
Total Payments to Suppliers	**$**	**9,379,938**

PERSONAL SERVICES

Listed are individuals who received payments for salaries, wages and taxable benefits which total $50,000 or more:

Name	Amount	
Anderson, Donald	$	55,144
Anderson, Margaret		113,197
Ashdown, Brad		58,938
Barkway, Terry		82,953
Bayda, Jason		52,161
Beler, Randy		50,265
Belitski, Reynold		59,559
Bishko, Andre		59,892
Bryck, Murray		90,066
Carles, Bob		114,717
Chamulak, Terry		55,955
Chandna, Dharam Pal		72,660

Saskatchewan Watershed Authority
Payee Information for the Year Ended March 31, 2007

Davies, Heather	56,946
Davies, John-Mark	64,719
Dill, Donald	90,066
Duncan, William	111,086
Durbin, John	71,275
Eberle, Harvey	62,055
Ermel, Brian	53,073
Euteneier, Dalvin	82,953
Fahlman, John	84,523
Feigel, Jeff	58,542
Fettis, David	50,386
Firth, Deborah	51,078
Fox, Frank	62,895
Gehl, Peter	68,101
Gerhart, James	96,927
Gobert, Garnet	73,750
Graham, Kevin	55,258
Graham, Larry	66,610
Grajczyk, Martin	68,604
Grigg, John	63,348
Hagen, Gordon	73,766
Hamilton, Michael	52,273
Hammer, Richard	51,647
Hanley, P Terry	96,927
Harrison, Tom	91,125
Heisler, Blake	52,955
Hjertaas, Dale	104,133
Hosler, Lyle	79,181
Hrynkiw, Irene	76,257
Hrynkiw, Timothy	65,252
Hymers, Eldon	90,066
Hymers, Terry	96,927
Ireland, Bryan	120,725
Johnson, Douglas	97,102
Johnson, Russell	82,953
Keller, Alan	52,905
Kilgour, Douglas	72,660
Kirkness, Robert	68,604
Kozusko, Douglas	72,660
Laycock, Pat	50,330
Leniuk, Rod	51,298
Leslie, Cameron	55,507
Lo, Kei	60,894
Long, Kevon	52,597
Macdonald David	52,854
Maciag, Joseph	83,109
Mackisey, Roberta	55,485
McDonald, Glen	90,232
McGill, Daniel	66,525
McIntosh, Harlow	64,168
McMaster, Glen	77,469

Saskatchewan Watershed Authority
Payee Information for the Year Ended March 31, 2007

Metz, Sharon		72,660
Molde, Clinton		90,066
Newcombe, Donald		62,577
Oegema, Bart		82,403
Olson, Jeffrey		61,803
Parker, Robert		91,417
Pelech, Ronald		51,548
Prouten, Kevin		73,910
Robbins, Trent		58,071
Rodenbush, Sharon		50,366
Rogal, Casmir		68,604
Ross, Susan		95,913
Rowlett, Dwayne		85,853
Salamon, John		54,529
Shaheen, Nolan		97,026
Shumaker, Leonard		50,166
Sketchell, Joanne		78,834
Soulodre, Etienne		51,594
Springer, Robert		65,030
Suchan, Murray		62,398
Szabo, Robert		50,415
Taylor, Barry		68,604
Thomson, Warren		62,055
Tod, Robin		80,625
Truelove, Dennis		55,241
Tuchscherer, Jonathan		96,927
Waggoner, James		90,066
Wiebe, Robert		97,275
Will, Gordon		85,680
Wingert, Kevin		50,697
Young, Allan		63,882
Salaries and taxable benefits under $50,000		3,981,605
Total Salaries and taxable benefits	**$**	**10,704,128**
Employee Benefits		1,689,681
Employee Travel and other costs		1,390,924
Total Employee Costs	**$**	**13,784,733**
TOTAL EXPENDITURES	**$**	**23,164,671**